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GENERAL

1. British acknowledge sending note to Chinese Communists--
US Embassy London reports that a member of the UK Foreign Office has readily admitted a note was dispatched to the Chinese Communist regime with the intent of establishing informal relations between British officials in China and the Central Peoples' Government. The Foreign Office official agreed privately that the note is tantamount to de facto recognition of the Communist regime but expressed the view that the US-UK agreement on this subject calls for prior consultation between the two Governments only when de jure recognition is involved.

EUROPE

2. NETHERLANDS: Possible Cabinet crisis over Indonesia--
US Charge Steere has expressed the view, following an interview in which Foreign Minister Stikker declared the Dutch Cabinet feels impelled to resign over the Indonesian question, that the Cabinet will not resign at this time unless a bad press leak should give rise to public furor or the negotiations at the Hague Round Table Conference should take a turn for the worse. Concerning Dutch differences with the Indonesians over a financial settlement, Stikker said it ought not be surprising if the Dutch Government, whose resources have been drained by financing Indonesia since 1945, felt unable to recommend a further "staggering sacrifice." Steere concludes that Stikker is hopeful that US compromise proposals will save the day.

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